

## **ABSTRACT**

*This study is intended to examine the effect of commitment, quality management practices and innovation on competitive advantage in improving the performance of the company's partner PT. PLN Persero Area Magelang.*

*The sample of this study is the director or manager of the partner company PT. PLN Persero Area Magelang which is engaged in construction, mechanical electrical services and partner companies that assist activities in PT. PLN Persero Area Magelang. This partner company comes from the middle and large groups that are incorporated as Limited Liability Companies, with 125 respondents. Structural Equation Modeling (SEM), which is run with AMOS software, is used to analyze data.*

*The results of the analysis show that commitment and innovation have a positive effect on competitive advantage in improving company performance. While quality management practices have a positive effect on competitive advantage. The most dominant variable influencing the performance of the partner companies by mediating superiority is the commitment then innovation. Implications suggested to partner companies PT. PLN Persero Area Magelang, must be able to create competitive advantage through the ability to manage management well and teamwork and print employees who are competent in working on a project and in the context of project quality, partner companies need to monitor the project and pay attention to every detail of user requirements and requests services.*

***Keywords: commitment, quality management practices, innovation, competitive advantage, company performance.***